SENATE JOURNAL 57TH LEGISLATURE TWENTIETH LEGISLATIVE DAY

Helena, Montana Senate Chambers January 25, 2001 State Capitol

Senate convened at 1:00 p.m. President Beck presiding. Invocation by Reverend Keith Johnson. Pledge of Allegiance to the Flag.

Roll Call. All members present except Senator Franklin, excused. Quorum present.

Mr. President: We, your committee on Bills and Journal, having examined the daily journal for the fourteenth legislative day, find the same to be correct.

Miller, Chairman

REPORTS OF STANDING COMMITTEES

BILLS AND JOURNAL (Miller, Chairman):

1/25/2001

Correctly printed: SB 34, SB 42, SB 108, SB 135, SB 143, SB 194, SB 205, SB 211, SB 229, SB 234, SB 236, SB 238, SB 254, SB 302, SB 303, SB 304, SB 305, SB 306, SB 307, SB 308, SB 309, SB 310, SB 311, SB 312, SB 313, SR 3, HB 39, HB 52.

Correctly engrossed: SB 54, SB 132, SB 170, HB 25, HB 44, HB 45, HB 98, HB 112.

AGRICULTURE, LIVESTOCK AND IRRIGATION (Holden, Chairman):

1/24/2001

SB 115, do pass. Report adopted.

SJR 4, introduced joint resolution, be amended as follows:

1. Title, line 7.

Following: "PRIORITIES"

Strike: "AND"
Insert: ","

2. Title, line 8.

Following: "BASIS"

Insert: ", AND TO PROVIDE ASSISTANCE IN HELPING LOCAL GROUPS AND AGENCIES ACCESS FEDERAL WEED CONTROL PROGRAMS AND PROCURE AVAILABLE FEDERAL WEED CONTROL FUNDS"

3. Page 2, line 1.

Following: "priorities;"

Strike: "and"

4. Page 2, line 2.

Following: "basis"

Insert: "; and

(3) provide assistance in helping local groups and agencies access federal weed control programs and procure available federal weed control funds"

And, as amended, be adopted. Report adopted.

BUSINESS AND LABOR (Taylor, Chairman):

1/25/2001

SB 252, do pass. Report adopted.

SB 279, introduced bill, be amended as follows:

1. Title, line 5.

Following: "CREATING"
Insert: "OR RETAINING"

2. Page 1, line 18.

Strike: "or"

3. Page 1, line 20. **Following:** "basis"

Insert: "; or

(iii) prevent the elimination of the jobs of at least 10 Montana residents who are permanent, full-time employees of the business"

4. Page 1, line 23.

Following: "(c)"

Strike: "a" Insert: "A"

5. Page 1, line 29.

Strike: ":"

Insert: "the business to have an equity position greater than 50% of the total loan amount."

6. Page 1, line 30 through page 2, line 3.

Strike: subsections (A) and (B) in their entirety

Insert: "(iii) If additional security or guarantees, exclusive of federal guarantees, are required to cover a participating private financial institution, then the additional security or guarantees must be proportional to the amount loaned by all participants, including the board of investments."

7. Page 2, line 28.

Following: "."

Insert: "(ii) At the borrower's discretion, the borrower may request the lead lender to change this prime rate to an adjustable or fixed rate on terms acceptable to the borrower and lender."

Renumber: subsequent subsection

And, as amended, do pass. Report adopted.

EDUCATION AND CULTURAL RESOURCES (Glaser, Chairman):

1/25/2001

SB 130, introduced bill, be amended as follows:

1. Title, page 1, line 7.

Following: "ELECTORATE;"

Insert: "REQUIRING THE DEED FOR THE LAND EXCHANGE TO CONTAIN REVERSIONARY CLAUSES TO ALLOW FOR RETURN OF THE LAND TO SCHOOL DISTRICT OWNERSHIP IF THE COMMITMENT

IS UNFULFILLED;"

2. Page 1, line 26.

Strike: "For"

Insert: "Except for"

Strike: "not"
Following: "trust"

Insert: "or land acquired by conditional deed under the provisions of 20-6-605"

3. Page 1, line 29.

Following: "district."

Insert: "The deed for the exchange of land must contain reversionary clauses that allow for the return of the land to school district ownership if the binding commitment is unfulfilled."

And, as amended, do pass. Report adopted.

STATE ADMINISTRATION (Hargrove, Chairman):

1/25/2001

SR 4, be adopted. Report adopted.

TAXATION (DePratu, Chairman):

1/25/2001

SB 2, do pass. Report adopted.

SB 162, introduced bill, be amended as follows:

1. Page 2, line 20 through line 21.

Strike: "A" on line 20 through "funding." on line 21

And, as amended, do pass. Report adopted.

SB 192, introduced bill, be amended as follows:

1. Title, line 6.

Strike: "SECTION"

Insert: "SECTIONS 7-4-2613 AND"

2. Page 1, line 10. **Following:** line 9

Insert: "Section 1. Section 7-4-2613, MCA, is amended to read:

"7-4-2613. Documents subject to recording. The county clerk shall, upon the payment of the appropriate fees, record by printing, typewriting, or photographic, micrographic, or electronic process or by the use of prepared blank forms:

- (1) (a) subject to subsection (1)(b), deeds, grants, transfers, certified copies of final judgments or decrees partitioning or affecting the title or possession of real property any part of which is situated in the county, contracts to sell or convey real estate and mortgages of real estate, releases of mortgages, powers of attorney to convey real estate, leases that have been acknowledged or proved, and abstracts of the instruments that have been acknowledged or proved;
- (b) an instrument or deed evidencing either a division of real property or a merger of real property only if the instrument or deed is accompanied by a certification from the county treasurer that taxes and special assessments that have been assessed and levied have been paid;
 - (2) notices of buyer's interest in real property, notwithstanding any other requirement of law or rule relating

to eligibility for recording of the deed, contract for deed, or other document relating to the notice of buyer's interest. However, if the instrument of conveyance underlying a notice of buyer's interest would be unrecordable, the clerk and recorder shall notify the buyer by certified mail that the underlying instrument is unrecordable and may be void;

- (3) except as provided in 72-16-503, a document on a form provided by the department of revenue certifying that the holder of an acknowledged statement indicating that the holder of a nonprobate interest in real property is deceased and that the deceased's interest is terminated. A nonprobate interest in real property is a joint tenancy interest, or a life estate interest, or any other interest not requiring probate. The document may be on the form used by the department of revenue for responding to the application for determination of estate tax. It The acknowledged statement must contain:
- (a) a statement that the holder of the nonprobate interest has died and that the holder's interest in the property is terminated; and
- (b) a certification by the county treasurer that the estate tax, if any tax was due, has been paid or that estate tax was not due;

(c)(b) a <u>legal</u> description of the property;

- (4) certificates of births and deaths;
- (5) wills devising real estate admitted to probate;
- (6) official bonds;
- (7) transcripts of judgments that by law are made liens upon real estate;
- (8) instruments describing or relating to the individual property of married persons;
- (9) all orders and decrees made by the district court in probate matters affecting real estate and that are required to be recorded;
 - (10) notice of preemption claims;
 - (11) notice and declaration of water rights;
 - (12) assignments for the benefit of creditors;
 - (13) affidavits of annual work done on mining claims;
 - (14) notices of mining locations and declaratory statements;
 - (15) estrays and lost property;
 - (16) a book containing appraisement of state lands; and
 - (17) other writings that are required or permitted by law to be recorded.""

Renumber: subsequent sections

3. Page 1, line 13. **Strike:** "(1)"

4. Page 1, line 16 through page 1, line 29.

Strike: "A" on line 16 through "decedent." on line 29

And, as amended, do pass. Report adopted.

Senator Franklin present at this time.

MESSAGES FROM THE OTHER HOUSE

House bills passed and transmitted to the Senate for concurrence:

1/24/2001

HB 204, introduced by Bitney

HB 241, introduced by B. Thomas

HB 279, introduced by McKenney

HB 293, introduced by Harris **HB 309**, introduced by C. Younkin

House joint resolution passed and transmitted to the Senate for concurrence:

1/24/2001

HJR 7, introduced by McGee

SECOND READING OF BILLS (COMMITTEE OF THE WHOLE)

Senator Thomas moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Sprague in the chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

- SB 164 Senator McNutt moved consideration of SB 164 be passed for the day. Motion carried.
- **SB 31** Senator Berry moved SB 31 do pass. Motion carried unanimously.
- SB 54 Senator Roush moved SB 54 do pass. Motion carried unanimously.
- SB 145 Senator Berry moved SB 145 do pass. Motion carried as follows:

Yeas: Berry, Bishop, Butcher, Cobb, Cocchiarella, Cole, Crismore, DePratu, Ekegren, Ellis, Glaser, Grimes, Grosfield, Kitzenberg, Mahlum, McCarthy, McNutt, Mohl, Roush, Shea, Sprague, Stapleton, Tash, Taylor, Thomas, Zook, Mr. President.

Total 27

Nays: Bohlinger, Christiaens, Doherty, Ellingson, Elliott, Franklin, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Miller, Nelson, O'Neil, Pease, Ryan, Stonington, Tester, Toole, Waterman, Wells.

Total 23

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Thomas moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Beck in the chair. Chairman Sprague moved the Committee of the Whole report be adopted. Report adopted unanimously.

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed of in the following manner:

SB 34 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 42 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 108 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None. Total 0

SB 135 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None. Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 143 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 194 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 49

Nays: Taylor.

Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 205 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 211 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 229 passed as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President.

Nays: None. Total 0
Absent or not voting: None. Total 0
Excused: None. Total 0
SB 236 passed as follows:
Yeas: Berry, Bishop, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 46
Nays: Bohlinger, Butcher, Miller, Stapleton. Total 4
Absent or not voting: None. Total 0
Excused: None. Total 0
HB 25 concurred in as follows:
Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50
Nays: None. Total 0
Absent or not voting: None. Total 0
Excused: None. Total 0

HB 44 concurred in as follows:

Total 50

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, De Pratu, Doherty, Ekegren, Cobb, Cocchiarella, Cole, Crismore, Cobb, Cocchiarella, Cole, Cocchiarella

Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None. Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 45 concurred in as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 98 concurred in as follows:

Yeas: Berry, Bishop, Bohlinger, Butcher, Christiaens, Cobb, Cocchiarella, Cole, Crismore, DePratu, Doherty, Ekegren, Ellingson, Elliott, Ellis, Franklin, Glaser, Grimes, Grosfield, Halligan, Hargrove, Harrington, Holden, Jergeson, Johnson, Keenan, Kitzenberg, Mahlum, McCarthy, McNutt, Miller, Mohl, Nelson, O'Neil, Pease, Roush, Ryan, Shea, Sprague, Stapleton, Stonington, Tash, Taylor, Tester, Thomas, Toole, Waterman, Wells, Zook, Mr. President. Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

ANNOUNCEMENTS

Committee meetings were announced by committee chairmen.

Majority Leader Thomas moved that the Senate stand in recess until 5:45 p.m. this legislative day. Motion carried.

Senate recessed at 2:05 p.m.

Senate reconvened at 5:45 p.m. President Beck presiding.

Roll Call. All Senators present except Senators Holden, Mohl and Nelson, excused.. Quorum present.

Majority Leader Thomas moved that the Senate recess and proceed to the House of Representatives for the Governor's State of the State address. He further moved that upon adjournment of the joint session, the Senate will adjourn until 1:00 p.m., Friday, January 26, 2001. Motion carried.

SPECIAL ORDERS OF THE DAY

Sergeant-at-arms Chris Ahner escorted the Senate into the House Chamber.

Speaker McGee introduced President Beck and yielded the chair to him.

Majority Leader Thomas moved that the body resolve itself into a joint session for the purpose of receiving the State of the State address from the Honorable Judy Martz, Governor of the State of Montana. Motion carried.

Majority Leader Thomas moved that the President appoint an escort committee of four to notify the Governor that the Senate and House of Representatives are in joint session and ready to receive her State of the State address. Motion carried.

The President appointed Senator Bohlinger, Senator Jergeson, Representative Story and Representative Jacobson and discharged them to escort the Governor to the House Chamber.

The colors were posted by Captain Flaherty and members of the Montana National Guard.

Sergeants Cramer and Ahner escorted The Honorable Judy Martz into the Chamber.

Invocation was given by Joe Morstein of Dillon, who is the brother of Governor Martz.

President Beck introduced Miss Tazlyn Fischer, daughter of Ginny and Mike Fischer of Manhattan, MT, who then sang the national anthem.

President Beck introduced Governor Martz, who delivered the following address:

"Thank you and good evening. It is a privilege to be here before the Fifty-Seventh Legislative Assembly. Lt. Governor Ohs, President Beck, Speaker McGee, my fellow Constitutional Officers, Tribal Chairmen, distinguished members of the Legislature, members of the Montana Supreme Court, honored guests, my fellow Montanans:

So many of us here today are newly installed and freshly sworn into our respective offices. Many of us will be viewed as the first experiment resulting from sweeping term limits.

Regardless of the length of tenure, we share the same feelings of opportunity, challenge and responsibility. Before I begin, I want to take the time to thank one special group in the audience. They serve without term limits. They are always there for me -- even when I'm away. My husband, Harry, our son Justin and daughter Stacy and their families -- you make it possible for me to stand here tonight: the first female governor of the State of Montana.

I am proud to be a small businesswoman. I'm proud to serve as your governor. But I'll always be most proud to be "Mom" and "Mrs. Harry Martz." Those are the titles that will endure. And to my mom and dad -- Joe and Dorothy

Morstein, who are at home in Billings tonight, I want to say thank you for teaching me to work hard, be honest and remain strong in faith.

We are here to do the people's business. Our actions will define us. So let us go forward, without hesitation to do our best and to do what is right for the good of all Montanans. Our actions will favorably define us if we speak after having listened, deciding based on principles, and acting in humility, with respect for all, remembering that a power greater than ourselves will have the final word.

Teddy Roosevelt said, "The credit belongs to the one who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs and comes short again and again, who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who at best, knows the triumph of high achievement; and who, at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

The Martz Administration will call it the way it is. We will not shy away from shortcomings of the past. We will not pretend things are better or worse than they are. But we will address the challenges with optimism and determination. Montana's people expect nothing less.

Let me be very clear. I speak for Montana. I speak for government. I speak for the people. We all contribute to the state of our state.

Overall, our economy continues to grow. Our total personal income increased more than five-percent in the last year. And that's more than twice the rate of inflation. Only two segments of our economy did not see increases in earnings. Every other sector is doing better.

We have gained more than one hundred and seven thousand jobs in the past ten years. Compare that to the 1980's when jobs grew by only 43,000. We're growing -- but not as fast as we can -- not as fast as we should. That's the difference. And we know it.

We know that we have work to do. We must do better. We can do better. We will not rest until Montana's economy reflects the diversity and capacity of the people within it. The Martz Administration's primary goal is to diversify our economy, expand our job market with higher paying jobs, actively supporting and recruiting businesses that can thrive within our current environmental standards.

I want to be crystal clear. I promised the people of Montana that I would not support a tax increase. I will keep my word. If the people of Montana want tax increases, I'll respect their decision made in voting booth -- but I will not sign a general tax increase. Period.

We must lower the top marginal tax rates that are bad for business. We must eliminate income taxes for the hardworking Montanans on the lowest rung of the economic ladder. The business equipment tax must be eliminated,

and I'll work to make sure we achieve the growth threshold that will make it happen. By the time I face voters again, they will be keeping more of what they earn.

Two Montana communities are proving that economic growth benefits everyone. They stand out for their success in expanding their economy. Sidney Montana shouldn't be doing well right now. It's situated in a region that statistics say should be losing population, jobs and their tax base. But Sidney would not allow what WAS to stay AS IS.

Although struggling today, Holly Sugar Refinery has an annual payroll of \$5.7 million. Trains haul thousands of tons in sugar, beet pulp and beet molasses from the plant every year. Sidney Millwork Company, a state of the art mill that employs 50 people, manufactures and installs cabinets and furnishings for hospitals, school districts and municipalities nationwide. Sidney has committed to maintaining its agricultural research station second to none.

Sidney is also the new home to the Moo Juice Dairy -- Montana's first industrial dairy that opened last summer. The 20-employee dairy can milk 1,200 cows at one time, transport milk to cheese factories and milk processors throughout the Midwestern United States. By next fall Moo Juice will double its employees and its capacity to milk twice as many cows. Wisconsin had better watch out.

Sidney has taken its traditional strength in agriculture and tailored it to a hi-tech world. Sidney defied statistics that labeled the region unsuccessful and is proving that statistics follow actions. And labels will change to reflect actions.

We must rise every day with the determination to move forward toward our goal, cognizant of what WAS, but with purpose and perseverance toward what we know CAN be.

Butte, Montana was the heart of our country's mining industry for decades. Yet, it has not allowed a diminishing demand for copper and other minerals to defeat them. MSE Technology Applications in Butte employs about 200 employees and contracts with NASA space centers and several Department of Defense facilities. Advanced Silicon Materials chose Butte as home to its multimillion-dollar poly-silicon-processing plant, employing more than 200 engineers and technicians. The Butte-Silver Bow Development Authority worked with ASMi to direct property taxes to help build a high tech economy for an old mining town.

These are just two success stories of regions of our state that could have settled with less but instead determined to do more. Sidney and Butte are examples for all of us. They are reminders that the potential for greatness resides in every corner of this state and in each one of us.

Our pursuit of economic growth must include Native Americans. For the first Montanans, I am committed to improving the quality of life on our reservations. Next month, I'll issue a proclamation calling for government-to-government consultation on the many issues that impact Tribal members. Additionally, I have pledged to visit every reservation in Montana by the end of summer to better understand their needs, but more importantly their culture.

In the meantime, please send to my desk immediately HB 165, which will ensure the return of human remains to our Indian nations. There is nothing more sacred than burial and nothing more meaningful than our faith in a higher power. No matter what color you are -- human remains belong with families.

We begin our administration in a building that has been restored to the magnificence it displayed more than a century ago. Let us, each one of us, pledge tonight to choose each word and every action to suit the dignity and grace that surrounds us.

The capitol restoration project exemplifies partnership. The executive and legislative branch joined with citizens and businesses to take care of Montana's "crown jewel" after years of neglect and degradation. From the roof to the heart of the mechanical systems -- from the landscaping to the furnishings, we invested twenty six million public and private

dollars. It truly reflects our heritage and is equipped to serve us well into the future. For beneath the floors and walls, the Capitol enters the 21st century with state of the art wiring for computers and telecommunications. Eventually, we will be able to use the Internet for making legislative proceedings available to every home connected to the Web in the state of Montana, nation and world.

Please take a moment to honor a special group of citizens who made this successful -- Former Governor Marc Racicot, Restoration Commission Chairman Mike Cooney, Betty Babcock, (a permanent "First Lady" as far as I'm concerned). Also, thank you to the Legislature and numerous professionals, the Capitol Restoration Foundation, and even Montana schoolchildren who sent their pennies for the "Copper for the Capitol Fund." All Montanans did something important to restore the "people's house."

Martin Luther King, Jr. said, "The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy." Montanans stand tall when we take a measure of those who battled in one way or another against wildfire last summer.

We survived one of the worst natural disasters in the history of Montana. More than 11,000 firefighters from numerous states battled to protect cities and homes. Volunteers too numerous to count contributed mightily to the effort. Never before on American soil has such a large army fought a single enemy. Help came from as far away as New Zealand and Australia. Nearly 950,000 acres burned; 321 structures were destroyed, including 66 homes. At one point, nearly 4,000 homes were threatened.

The Montana Army and Air National Guard provided support to 12 major fires last summer. Montana activated nearly 2,000 troops -- Army and Air Guard -- supporting us with medical services, security, transportation, evacuation, firefighting in the air and on the ground.

People spent nights on rooftops with garden hoses in hand to fight an enemy that would not sleep and seemed, at times, unquenchable. The Mennonites came from all over the United States and Canada to Broadwater County to help ranchers recover. High school students left the classroom to pitch in, putting up more than 20 miles of fencing.

With time, valuable resources and possessions will be replaced. For some things, it will take as long as a generation. But we will remember fire's lesson: Our survival in a fragile ecosystem depends upon careful stewardship and ultimately the grace of God.

Let's take a moment to thank and honor those who fought fire in a multitude of ways, whether on the front line or behind the scenes, to preserve what we cherish. Let's thank them and our Lord for sparing every human life during a very dangerous and drawn out ordeal.

We expect a seat at the table in planning how to effectively manage the forests we recreate in and rely upon. We will urge the Bush Administration to listen to the West, and return stewardship responsibility to our capable hands where it belongs. And we will not rest until our voices are heard.

As chairman of the state Land Board our vigilant stewardship of the state's 5.2 million acres of school trust lands continues. This provides a wide variety of opportunities for natural resource development and sustainability of traditional management activities generating nearly fifty million dollars for education while practicing good stewardship. Managing such a broad landscape and diversity of potential uses can attract many contrary opinions.

However, I'm proud to say, Montana's Natural Resource team is up to the challenge. The way we are addressing the Sula State Forest Timber salvage operation is the perfect example. Before the smoke even cleared, the department initiated the public involvement process, developed a plan of action, analyzed the impacts and completed a MEPA review and quickly awarded contracts for the salvage of nearly 25 million board feet of fire-scorched timber.

Today more than 150 loggers, timber fallers, equipment operators and truck drivers are employed on this project which will ultimately generate nearly \$5 million dollars for the school trusts from sale of the blackened timber -- all while implementing aggressive erosion control measures, stabilizing fragile soils and facilitating reforestation. Land management decisions in the 21st century are complex and oftentimes controversial but we must proceed. Montana should lead in making decisions about managing our land.

We will never forget the industries that built this state -- and I support environmentally safe mining, timber-harvest and oil and gas production on our public lands.

With two presidential disaster declarations for fire and drought last year, we are determined to steer Montana away from an ENERGY disaster threatening to be exported to the rest of the western states from California. The 57th legislative session must adjourn with a solid blueprint for energy, addressing short and long-term needs.

Senator Royal Johnson is sponsoring legislation that may serve as the vehicle to take us to a reliable and affordable destination in energy pricing and supply. As the legislature conducts hearings on this bill, I want to outline crucial points that we expect to be included when it reaches my desk. Profit is a good thing, but not to the extent that it would leave the state that produced it in the dark or out in the cold. This is a problem that pervades the entire western wholesale market and it cannot be solved without a coordinated regional plan. Acting otherwise will simply make the problem worse for every state in this region.

I have joined with other governors of the West in calling for the creation of an interstate, interagency team to develop a regional plan to satisfy our collective needs. All of us on the western grid need to participate. We must share the responsibility of building more generation plants with adequate fuel supply, electrical transmission facilities, gas pipelines, and properly deal with the inherent environmental challenges.

I have appointed a task force on energy prices, made up of Montanans who are experts in their respective fields, representing a broad array of energy producers, consumers, cooperatives and suppliers. They will advise our administration on energy policy and make recommendations on short and long-term solutions to the energy pricing and supply challenges we face.

We must increase the supply of power through more generating facilities. We should diversify, wherever possible, our sources of fuel. For example: natural gas, coal, and renewable resources such as wind and solar energy. We should unite, all of us, to look for ways to streamline the permitting process, allowing construction of new facilities to be built within a more reasonable time frame, but also within the parameters of our stringent environmental standards. The Major Facility Siting law process can and should be faster, and we can more efficiently process permits under the Montana Environmental Policy Act.

The 1997 Legislature demonstrated leadership by protecting Montana consumers from price changes until July 1, 2002. Other states in our region that did not do so are experiencing what our legislature protected us from. Still, Montana law should be changed to extend the transition period for customer choice for the time necessary to obtain the best power price for customers and give investors the time to bring new facilities on line.

In the near-term, the industrial customers and the generators of electricity should enter into contracts for power supply, perhaps with incentives from the PSC or the State. The price of electricity will increase after July 1, 2002, but it must be reasonable. Suppliers should recover their costs, plus a reasonable profit. The California prices of today are not being set by a competitive marketplace and are unrealistic because they are not a result of long-term supply contracts, but are set on a daily spot market. Competition will work, but we cannot be halfway in and halfway out. A viable federal energy policy is needed -- and we'll be at the table to hold them accountable, while doing our part.

We are improving the state's physical infrastructure. We are strengthening our relationships with local economic

development organizations as well as increasing Montana's profile internationally. But we need to do more. That's why I'm drafting legislation to reform the Department of Commerce to make it more supportive of economic growth and expansion. We also plan to open a Montana office in Washington from which we can more effectively work with our delegation and Congress to accomplish our agenda.

Government can no longer be a barrier to business development -- and I will not leave this office until we've made it business friendly. We have laid the groundwork for future economic growth through our Jobs and Opportunities initiative. We're working to eliminate the roadblocks to creating and growing technology businesses in the state.

We are teaching our companies the tricks of competition for venture capital and we are beginning to see results -- since 1999, Montana businesses have garnered \$1.5 million in awards benefitting employees in Belgrade, Ronan, and Browning as well as Butte, Billings, Bozeman and other Montana communities. These awards translate into more and better paying jobs. We need to continue to work with diligence to use these funds to their maximum potential.

Furthermore, the new Research and Commercialization Board offers an excellent balance of scientific credentials and business sense, demonstrating that research is a state priority.

I am also pleased to report that 100% of the state has local dial-up connection to the Internet. High-speed cable modem and DSL services are being deployed not only in Montana's large population centers but also in remote communities with populations of 1,000 people or less.

The Advanced Telecommunications Infrastructure Act passed in the last legislative session has helped accelerate the growth of high-speed telecommunications infrastructure throughout the state. The tax credits issued under the Telecommunications Act will keep us in the forefront.

Elimination of geography as a business issue means more and better jobs for Montanans statewide. Thomas Jefferson said that, "A democratic society depends for its strength on the free flow of information and an informed electorate." The possibilities are endless. With our new E-Government initiative, citizens will be able to dial up to find out about the expenditures of their tax dollars, register to vote, make their views known to elected officials, and obtain licenses and permits online.

We must make sure that we identify these opportunities and make them available to all Montanans. Our administration encourages pioneering efforts such as the Montana Information Technology Act -- sponsored by Senator Mike Taylor, which would emphasize Information Technology in our state. Senator, thank you for your determined leadership.

Our sister-state relationships with Kumamoto, Japan, and Taiwan, have given Montanans cultural and educational opportunities with ever-growing economic trade opportunities for Montana businesses. Our new sister-state relationship with Guangxi, China will help us build close cultural understandings and economic ties with over one billion Chinese consumers. We are becoming an important player in one of the most significant economic arenas in the world. And, as co-chair of the Montana-Alberta Boundary Advisory Committee, I will work diligently with Lieutenant Governor Ohs to build better relations and economic opportunities with our Canadian neighbors.

As we open markets and opportunities for our citizens, we cannot forget that the best investment Montana makes in the future economy is through education. Montana annually invests over \$6,200 in each student in our primary and secondary schools, or nearly \$80,000 per child during their school years. In fact, the budget I submitted to the legislature puts six out of every ten general fund dollars into Montana's world-class education system. We must make sure our schools remain world-class.

The last legislature provided the single largest increase in education spending in the history of our state, and the May special session increased it by an additional twenty million dollars for this school year. We propose an additional three

percent increase in fiscal year 2003.

Investment in secondary students is increasing, even while enrollments continue to drop. I want accountability in our schools, which is why we are moving forward on annual testing of grades, 4, 8 and 11, and compiling and disseminating results...For the first time, parents and communities will be able to compare their schools to other schools and really know where they stand.

Test scores are steady, showing Montana eighth graders are first in science. They out-performed every other state in science, in every assessment. We're in the top five in math and reading.

We are also in the top ten in writing. The Martz Administration will name a task force to recommend a plan for boosting our writing scores toward the top five by 2005. We are pleased with the recommendations of a task force that developed a Native American curriculum through OPI and reservation schools. I appreciate Representative Carol Juneau's efforts

to make education relevant to all Montana schools, including reservations. She's offering good ideas and we should pay attention to them.

My administration will focus on four key areas of early education:

1. Increasing resources and teacher development; 2. Producing excellence with partnerships to mentor our kids; 3. Providing safe learning environments; and, 4. Implementing character education.

To accomplish any of our education objectives, we must recognize the importance of what I call my 3-Rs of education recruiting, retaining and rewarding outstanding teachers. There is no more noble profession, no pursuit more valuable to the future of our state than positively shaping children's lives. Society receives no greater gift than those who are willing to teach our children. I am so fortunate to have 6 teachers in my own family, with my daughter and son-in-law planning to be teachers.

But everyday we lose outstanding teachers and administrators to other states that offer better pay and benefits. According to OPI, every year ONLY 1/3 of the nearly 1300 newly certified teachers actually start teaching in Montana schools. Furthermore, 40 elementary school districts expressed problems recruiting certified elementary educators last year while shortages for many high school subjects affected even more districts.

If we are going to keep these professionals, Montana must begin to seriously compete with over 20 other states that are making major investments to lure teachers away from our Montana students. We want to leverage our share of the \$2.4 billion in increased federal funds that President Bush has promised states for training new teachers. We'll partner with the private sector to craft mentoring programs that inspire teachers to stay in the profession. And I'll build partnerships with teachers, parents and administrators to craft a performance-based pay proposal called Investing in Teaching Excellence. Under this proposal, local districts will work to reward the successful completion of performance goals set by each teacher with their administrator. We'll reward the best teachers who meet their goals and give districts flexibility to pay for it.

Additionally, we'll support mentoring programs such as "Aim High" which has been initiated by the Montana High School Association and Montana's Promise where already we have mentored over 73,000 Montana young people when our goal was just 10,000. I just joined the national board of Jobs for American Graduates. I will encourage churches to provide after-school programs for children to more freely practice their faith in a learning environment. Today, the American Dream depends on a high school diploma and our administration will help every Montana child earn one.

For Higher Education, we expect the university system to reduce the tuition burden on our students with the \$100 per student per year allocation included in our budget for the next biennium. We've targeted \$800,000 for a two-year program to train students for new business. And finally, we have earmarked \$2 million dollars in additional funds for student assistance.

Indeed, education is a key to building a better economy and bringing better paying jobs to Montana and only by working together can we make great things happen in education. It's as simple as A-B-C.

Even Montana's National Guard is providing positive options in education for youth at-risk. Since being authorized by the 56th Legislature, the Montana Youth ChalleNGe program has graduated 217 youth who had previously dropped out of high school in their local communities.

These 217 graduates have entered Montana's job market, enrolled in college or joined the military. Of these graduates, 167 (76%) have earned their General Education Diploma - compared against a 44% national GED success rate for youth in the same age bracket.

The ChalleNGe success is typified by one graduate currently holding a 3.78 G.P.A. in a university honors program, and another who graduated number 1 out of 560 candidates at Marine Corps basic training.

Welfare reform has made great strides in overcoming the myth that parents on welfare don't want to work. We must expand our successful child-care programs for low-income families. We have a bill in the legislature that will buy used state vehicles and sell them to participants in Families Achieving Independence in Montana at an affordable price and reasonable payment schedule.

Welfare reform doesn't end with a reduction in recipients. The Martz administration is committed to helping more people climb higher on the economic ladder. Expanded childcare assistance is a critical concern as are expanded job training options and transportation.

We collected a record high fifty million dollars in child support during the past year. We enhanced enforcement of medical support for children, saving 1.5 million dollars in Medicaid each year.

Clinics and health care facilities report 94.4% of the children coming in are immunized and more good news...Montana's teen pregnancy rate is dropping faster than the national average, dropping 19% in nine years. We know that means tremendous savings for our health and human services down the road -- let's keep working to teach our children the virtues of abstinence.

Because our community hospitals are the lifeblood of many of our small towns, I made sure that we included provider rate increases in our executive budget. Those increases are a top priority, and I ask the legislature to make sure those get to my desk intact.

An ounce of prevention is worth a pound of cure. And you can be certain that we'll do our part. Thanks to the Children's Health Insurance Program, 10,000 formerly uninsured youngsters have good health insurance coverage. That's progress in my book. We eliminated the small enrollment fee and have simplified the application process. We will continue to seek ways to simplify the paperwork so more families may participate. We have come half way in our goal to insure a total of 20,000 children. I'm going to continue to bring more Montanans under the umbrella of affordable health insurance. Our budget makes a further step in that direction. We'll qualify families for CHIP at incomes up to 160% of poverty.

We are making the difficult transition to State oversight of our mental health services program. There is no question

that it's still more than we can afford. We must fix it. We're going to do it by changing the way we do business in the department. We will direct the division to develop a plan, with input from the Mental Health Oversight Advisory Council to serve more people in, or closer to their own communities and in the least-restrictive settings that their mental health conditions require. I'm impressed by reports from Utah's mental health system with its capitated-regional mental health approach, and I want to explore those options for Montana.

We will carefully monitor our Program of Assertive Community Treatment (or PACT), with pilot programs in Billings in Helena initiated last year. We intend to roll them out in other communities if the first two sites prove successful. We will look for ways to strengthen pharmaceutical treatment, especially where doing so may prevent the need for highercost, more restrictive placements.

For the first time in a century Montana has enough cells for those who are sentenced to Montana State Prison. For the first time in a long time judges know that if they send a person to MSP their sentence will be served in the place they belong. The Department of Corrections could be called the water heater of the State budget. It is something no one wants to spend money on. It's not something you show off to your friends. And yet, it's just plain necessary.

Public safety is our most important responsibility. Without it, everything else we try to do in society is jeopardized. In just eight years we're nearly caught up in prison space after a hundred years of underfunding. Not bad.

We have enough cells. For now. We have more probation and parole officers for more effective supervision. For now. Our Pine Hills juvenile facility will be receiving accreditation/certification for its new sex offender facility. We're well equipped. For now.

I have signed a memorandum of understanding, along with Attorney General Mike McGrath and Chief Justice Karla Gray that will continue the development of our Criminal Justice Information System. With it, we will have the best possible information network between law enforcement, our courthouses and our corrections system. A seamless flow of information in our justice system will help us apprehend, incarcerate and monitor Montana offenders.

Sharing that information between agencies and between branches of government will score a major victory for public safety. Imagine a policeman being able to call up on a computer screen in her squad car the criminal history and probation record of the person she just pulled over. It's no longer imaginary. It's coming to Montana. I will not allow Montana's correctional system to fall behind. Safety is too important. But I expect accountability -- and answers-straight up. Corrections will be accountable to me and it will be accountable to you in the Legislature. It will be accountable to the people of Montana. If Corrections asks for money that could go to schools, to tax relief, to patients, or any worthy cause, Corrections will have to justify it.

Government, particularly in Montana, has a significant duty to protect our water rights, stream access, habitat and wildlife. Access to our rivers and streams in Montana has been an important issue since pioneers first arrived. The Stream Access Law withstood two court challenges and we formed citizen advisory councils who have offered common sense solutions for some of our stream-crowding issues.

Water in the West, as we all know, is like gold. Montana institutionalized the leasing of water for in-stream and fisheries benefits. We will continue to support efforts to protect species of special concern. We will continue to support the catch and release angling for bull and cutthroat trout in an effort to help these species survive. We will continue to implement species conservation plans for our native cutthroat trout, bull trout, grayling, and sturgeon.

Now, thanks to a joint agreement reached under court-ordered mediation between state and federal agencies, the federal government will share responsibility for the Brucellosis problem with the State of Montana. In case you did not know,

by the end of this year the only remaining threat of Brucellosis in the United States will lie within the bison of Yellowstone National Park. And as long as I am Governor of this state, I will fight for public safety. I will fight for our livestock producers. And we will fight against the threat of quarantine and Brucellosis.

And for our number one industry, agriculture, I will be a true champion for better markets and more opportunities. It reminds me of an agricultural dinner I once attended. (((Share personal story)))

We, too, are in charge. If we want better markets for our producers and their quality commodities, we must aggressively seek new opportunities. The 2000 Special Session invested in Agricultural Product Promotion. This investment will increase domestic and international Department of Agriculture assisted product sales by 100% each year.

This investment will increase by 20 each year the number of food processing companies that participate in Montana Growth Through Agriculture sponsored domestic and foreign trade missions. It will form an electronic clearinghouse of niche marketing ideas, leads, and international and national trends. It will assist 15 Montana agri-businesses and/or producers each year in the development of marketing plans that accurately reflect consumer trends in the marketplace.

It will provide for educational functions and informal services to inform Montanans regarding agriculture's role in the environment, open space and recreation, and the role agriculture plays in the state's economy.

Montana must be willing to reinvest in its largest industry. Key to agricultural business expansion in Montana is the development of low cost, long term, capital for investment in agriculture. We'll get the job done.

It's time to look at government and one another in a new way. It's time to set aside the measure of the past and set about to live up to our dreams. Look around you.

That truck driver may someday be the budget director for the entire state. [Right, Chuck Swysgood?] That surveyor may become speaker of the house. [Right, Dan McGee?] When a professor can succeed in politics...[Right, Ron Erickson?]...When a girl from humble beginnings can become an Olympic athlete and later the governor of this great state, you know anything is possible.

When a mining town with a big hole in the ground can switch gears to make semi conductors, you know things can happen. When you bring 150 people with opinions miles apart and yet, desire to produce good things for their neighbors -- it's called good government -- it can be done.

It's time to look at one another in a new way. It's time to look at government and ask what CAN we accomplish, together. That waitress in Billings or that little Cheyenne girl in Ashland may be our governor someday. Don't count her out. Don't discount anyone or any possibility.

Montana is the Big Sky State, but it is also a state for big dreams. Lewis and Clark knew it almost 200 years ago. It's as true today. Determination to succeed and a blessing from above will make great new things happen. New jobs. New futures. A new Montana. Let's go to work.

Good night, and God bless Montana."

President Beck thanked the Governor and then introduced The Native Reign, a Native American dance group from Lame Deer, MT. The dance group have performed their message of prevention in the United States and Canada. Most are members of the Northern Cheyenne Tribe and all are enrolled members of a Montana Indian tribe. Senator Beck welcomed them to the joint session. The group then performed to the songs "Indian Nation" and "Together Again".

Reverend Keith Johnson gave the benediction.

Governor Martz was escorted from the House Chamber by the escort committee.

Majority Leader Thomas moved that the joint session be adjourned. Motion carried.

Joint session adjourned at 7:08 p.m.

ROSANA SKELTON Secretary of Senate TOM BECK President of the Senate